

Message Text

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10
ACTION PM-03

INFO OCT-01 EA-06 ISO-00 SS-15 SP-02 NSC-05 L-02 CIAE-00

INR-07 NSAE-00 DODE-00 MC-02 ACDA-05 AID-05 IGA-01

EB-07 OMB-01 TRSE-00 COME-00 XMB-02 FRB-03 /067 W
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P R 180922Z FEB 75
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 8412
INFO CINCPAC

S E C R E T SEOUL 1029

E.O. 11652: GDS
TAGS: MASS KS
SUBJECT: F4-E SALE LOOKS DOUBTFUL

1. MCDONNELL DOUGLAS FAR EAST REPRESENTATIVE GORDON GRAHAM CALLED ON AMBASSADOR FEB 18 TO REPORT THAT HE HAD JUST SUBMITTED TO ROK MINISTRY OF DEFENSE PLANNING PRICE AND DELIVERY DATA FOR SQUADRON OF EIGHTEEN F-4E AIRCRAFT WHICH ROKG HAS EXPRESSED INTEREST IN PURCHASING. (THESE AIRCRAFT WOULD BE IN ADDITION TO F-4D SQUADRON ROKS NOW HAVE AND SECOND F-4D BAILED SQUADRON THEY PLAN ON BUYING.) MCDONNELL DOUBLAS HAS OFFERED AIRCRAFT FOR FLY-A-WAY PRICE OF \$5.6 MILLION PER COPY WHICH TOGETHER WITH SPARES AND AUXILIARY EQUIPMENT WOULD COME TO TOTAL PACKAGE PRICE OF \$120 MILLION. ASSURMING FIRM GO-AHEAD CAN BE AGREED ON BY APRIL 1, 1975 AIRCRAFT WOULD BE DELIVERED FROM JUNE TO OCTOBER, 1977.

2. GRAHAM POINTED OUT HOWEVER THAT FINANCING NOW REPRESENTED MAJOR OBSTACLE TO CONSUMMATION OF DEAL. IN RESPONSES TO ROK REQUEST MADE SEVERAL WEEKS AGO, MCDONNELL HAD MADE EXTENSIVE SEARCH FOR COMMERCIAL FUNDING BUT HAD FOUND VERY LITTLE RESPONSE FROM COMMERCIAL SOURCES. SINCE ROKS HAVE INDICATED TO GRAHAM THEY CANNOT FINANCE DEAL THEMSELVES AND
SECRET

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THERE WAS LTITLE PROSPECT FOR SUFFICIENT FMS CREDIT TO COVER SALE, GRAHAM CONCULDED THAT OUTLOOK FOR SALE WAS GLOOMY.

3. IN RESPONSE ROK REQUEST McDONNELL, SAID GRAHAM,
WOULD TAKE ONE MORE LOOK AT POSSIBILITY OF OBTAINING
\$80 TO \$90 MILLION OF COMMERCIAL FUNDING TO COVER ALL
BUT THE GFAE PORTION OF SALE. THIS WAS BASED ON ROK'S
ASSUMPTION THEY COULD OBTAIN FMS CREDIT FOR \$30 TO
\$40 MILLION GFAE PORTION. GRAHAM SAID HOWEVER THAT
HE WAS HIGHLY DOUBTFUL THAT EVEN THIS MUCH COMMERCIAL
CREDIT COULD BE FOUND.

SNEIDER

SECRET

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SNEIDER

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Message Attributes

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Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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05 JUL 2006

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